




STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES

December 15, 2009

TO: ADSA Staff and Stakeholders

FROM: Kathy Leitch, Assistant Secretary 
Aging and Disability Services Administration

SUBJECT: **Governor's 2010 Supplemental Budget Proposal**

On December 9 Governor Gregoire released her 2010 supplemental budget proposal, which would fill a \$2.6 billion hole in the budget for 2009-11. As required by law, she submitted a budget based on currently available revenue.

Detailed information about the Governor's proposal can be found at www.ofm.wa.gov. In the release of her budget, the Governor states, "As we made the hard decisions necessary to produce this budget, I understood the impact of these cuts on real people," Gregoire said. "I realize the future this budget will create. It does not reflect my values nor do I believe it reflects the values of my fellow citizens."

"Let me be very clear: I do not support this budget. As required by law, it is balanced. For me, it is unjust."

The governor plans on introducing a second budget in January, which will restore several of the most critical programs that would be eliminated by the all-cuts budget. This includes restoration of some of the cuts to ADSA programs; however the specifics are not yet available.

The purpose of this memo is to provide information about the Aging and Disability Services Administration's (ADSA) portion of the Governor's budget proposal.

The Governor proposes a total budget for ADSA of \$4.91 billion, compared to a current funding level for the 2009-11 biennium of \$5.03 billion (a 2.4% decrease for the biennium, but a nearly 5% decrease in Fiscal Year 2011). There are many significant reductions impacting our clients and providers. Even in these hard times, ADSA also received some new funding beyond caseload and utilization adjustments, which makes it somewhat unique in state government. A summary of the major proposed items affecting ADSA programs and services is below.

Maintenance level items in the proposed budget for ADSA as a whole (both **Long-Term Care (LTC)** and **Division of Developmental Disabilities (DDD)**) include:

- Mandatory caseload and workload adjustments.
- Costs associated with changes in costs and utilization rates.
- Additional state funds, correcting the level of federal stimulus funds assumed in FY11.
- The savings gained from requiring in-home workers providing care for family members to be individual providers rather than be employed by a home care agency are adjusted based on delayed implementation due to the temporary restraining order (TRO), and revised estimates of individuals moving from agency provider to individual provider.

Maintenance level items in the proposed budget specific to **LTC** include:

- Two temporary FTEs to develop an automated interface between ProviderOne payment system and the ADSA Case Management Information System.
- Savings assumption for the elimination of adult day health services are reversed due to a lawsuit. Savings are assumed for moving the adult day health program to a 1915(i) Medicaid state plan option as of January 1, 2010 and capping enrollment.
- Fund source issues are corrected by adding state funds to the Residential Care Services Division and to Adult Protective Services, which avoids significant reductions to safety functions that otherwise would have been necessary.
- Estimated expenditures are reduced for the placement of Department of Corrections offenders released to an Extraordinary Medical Placement in the community, due to fewer offenders being released than originally anticipated.

Maintenance level items in the proposed budget specific to **DDD** include:

- Funding for 343 graduating high school transition students who are currently on a waiver and are entitled to employment and day services.
- Savings assumed for the Medicaid in-home hours of care reduction are adjusted based on a legal decision that the reduction cannot be applied to children under the age of 21.

Policy level items in the proposed budget for ADSA as a whole (both **LTC** and **DDD**) include:

- Housekeeping and off-site laundry services are eliminated for approximately 42,000 clients, which will result in an average of 6 fewer hours of services per month.
- License fees for nursing homes and boarding homes are increased to cover the cost of providing the licensure and re-inspection services that the agency is required to provide.
- Elimination of automatic increases to the home care agency provider hourly rate based on what is bargained for individual providers for wages and benefits, as well as reduction in health benefit contributions.

- Medicaid personal care services for all clients are reduced by making eligibility levels more stringent, to match the standard for admission to a nursing home, reducing services for 1,400 current clients (existing residential clients will receive state-only services).
- New mandatory training for long-term care workers is delayed from January 2011 into the 2011-13 biennium.
- Automatic increases in hours of care awarded to in-home clients who are incontinent or require special diets will be eliminated. Authorization of hours will be based on individual assessment of need. Affected clients would lose between 5% and 10% of their hours.
- The administrative portion of the hourly vendor rate paid to agency providers of in-home care is reduced by 5%.
- Additional administrative and staffing reductions are taken, including reductions in travel, equipment replacement, personal services contracts, decision support and data analysis, printing costs, and human resource staff. Vacant positions will not be filled for most case management staff.
- Funding is added to ADSA as a cost offset to reductions in the Health and Recovery Services Administration budget, where the suspension of Medicare Part D co-payments results in additional costs to ADSA to care for some clients and meet requirements for additional financial eligibility reviews.

Additional policy level items in the proposed budget specific only to LTC include:

- The Family Caregiver Support program, providing respite care for relatives and others who provide unpaid care to senior citizens and people with a disability, is reduced by 10%.
- The Senior Citizens Services Act, which provides state-funded services for senior citizens such as senior meals and Information and Assistance, is reduced by about 65%.
- The Volunteer Chore program is suspended.
- Additional nursing home discharge staff is added to help an additional 700 Medicaid nursing home residents move to home and community based services, creating savings.

Additional policy level items in the proposed budget specific only to DDD include:

- Residential services, employment services, specialized therapies, and intensive case management and supports are provided for 13 additional clients who pose a public safety risk.
- Residential services and supports are provided for 24 additional clients who will be aging out of other DSHS services such as the Juvenile Rehabilitation Administration and Children's Administration.
- The Individual and Family Support program is revised so families earning more than \$30,000 per year will no longer be eligible, eliminating benefits for about 700 families, and the annual benefit is reduced from \$3,000 to \$2,250.

- Frances Haddon Morgan Center will be closed by June 2011, and Rainier School will begin downsizing in 2011 and will close by June 2014. Residents will be transferred to appropriate community settings or another Residential Habilitation Center (RHC). Additional resources are added for transition costs, community placements for those moving from RHCs, and new diversion and respite capacity in the community, including new State Operated Living Alternative (SOLA) programs for children.
- Employment and Day services for 200 clients who do not qualify for Medicaid will no longer be offered.
- Funding is added to recognize a faster phase-in of individuals entering residential services and supports in the Expanded Community Services and Public Safety provisos than was anticipated in the 2009-11 budget.
- Based on the proposed suspension of Adult Dental Services in the Health and Recovery Services Administration budget, funding is provided for dental care specifically for residents of Residential Habilitation Centers. Funding is reduced at the Residential Habilitation Centers for cottage consolidation, reduced maintenance schedules, and other efficiency measures.
- County contracts for employment and day services are reduced by approximately 3%.
- The Jobs by 21 Partnership program is suspended as of July 1, 2010.
- Contracts with community entities and professionals who provide technical assistance to self advocates, families, senior caregivers, residential providers, and employers are reduced or eliminated.

Other items in the proposed budget of interest to ADSA staff and stakeholders include:

- Non-emergent adult dental services, Medicare Part D co-payment reimbursement program, adult hospice care, physical therapy services, occupational therapy services, speech therapy services, non-medical vision services, adult hearing services, and podiatry services are suspended.
- The General Assistance Unemployable program is eliminated. General Assistance grants will continue for individuals with pending applications for federal Supplemental Security Income. General Assistance grants also will continue for individuals on the General Assistance Aged, Blind and Disabled programs.
- Outpatient services for chemical dependency and detoxification treatment are eliminated.
- Medicaid rates paid to Regional Support Networks, which deliver community mental health services under the state and federal Medicaid program, are reduced.
- The Basic Health Program is eliminated.
- The General Assistance Unemployable Medical Services program is eliminated.
- Eligibility for the Apple Health program, providing health coverage for low-income children, is reduced from 300% of the federal poverty level to less than 205% of the federal poverty level.
- Funding for the Retired Senior Volunteer Program is eliminated.

- Grant funding for the Washington Information Network 211 is reduced.
- Inpatient and outpatient hospital rates are reduced by 5%.
- The state will no longer subsidize the cost of interpreter services.
- The Department of Services for the Blind is moved to the Division of Vocational Rehabilitation.
- The Office of Financial Recovery is transferred to the Economic Services Administration.
- The Home Care Quality Authority is eliminated.
- The Developmental Disabilities Council and the DD Endowment Fund are transferred from the Department of Commerce to the Department of Health.
- The Long Term Care Ombudsman program is transferred from the Department of Commerce to the Office of Financial Management.

The Governor's proposed budget will be presented to the Legislature when it convenes on January 11. The House and the Senate will develop budget proposals and ultimately a final budget will be adopted before the legislative session ends. There are many opportunities for participation in this process over the next several months. We will keep you informed through each step. We remain committed to working with all stakeholders to provide necessary services to this state's most vulnerable citizens.